

BEFORE
THE PUBLIC SERVICE COMMISSION OF
SOUTH CAROLINA

DOCKET NOS. 2010-361-C, 1994-757-C, and 2004-61-C - ORDER NO. 2011-39

JANUARY 13, 2011

| | | |
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| IN RE: Docket No. 2010-361-C – Application of |) | ORDER APPROVING |
| Home Telephone Company, Incorporated for |) | TRANSFER OF ASSETS |
| Approval to Transfer Assets and Authority to |) | AND AUTHORITY AND |
| Home Telephone ILEC, LLC d/b/a Home |) | APPROVING |
| Telecom, and to Restructure Its Wholly- |) | RESTRUCTURING OF |
| Owned Subsidiary Companies |) | SUBSIDIARY |
| |) | COMPANIES |
| Docket No. 1994-757-C – Application of |) | |
| Home Long Distance, Incorporated for a |) | |
| Certificate of Public Convenience and |) | |
| Necessity to Operate as a Reseller of |) | |
| Interexchange Telecommunications Service |) | |
| in the State of South Carolina |) | |
| |) | |
| And |) | |
| |) | |
| Docket No. 2004-61-C – Joint Application of |) | |
| Daniel Island Media Company, LLC and |) | |
| Home Telecom, LLC for Approval of |) | |
| Transfer of Assets and Transfer/Issuance of |) | |
| Certificate of Public Convenience and |) | |
| Necessity to Home Telecom, LLC and for |) | |
| Flexible and Alternative Regulation |) | |

This matter, arising under S.C. Code Ann. §§ 58-9-280(B) and 58-9-310, comes before the Public Service Commission of South Carolina (“Commission”) on the Application of Home Telephone Company, Inc. (“Home Telephone” or “Applicant”) to transfer assets and authority to Home Telephone ILEC, LLC d/b/a Home Telecom and to restructure its wholly-owned subsidiary companies. At the conclusion of the corporate reorganization, the Applicant states that Home Telephone will be a holding company, and

a newly-formed entity, Home Telephone ILEC, LLC d/b/a Home Telecom (“Home ILEC”), will be a wholly-owned subsidiary of Home Telephone for the purpose of providing regulated incumbent local exchange telephone service. In addition, Home Telephone further requests approval to restructure its existing wholly-owned subsidiary companies, so that like services and assets will be held in the respective affiliates.¹ According to the Application, this transaction is *pro forma* in that it involves a transfer from a corporation to a wholly-owned direct subsidiary and a consolidation of wholly-owned subsidiary companies, such that the transaction will neither result in a change of control nor have an impact on the service provided to customers.

Specifically, to accomplish this structural reorganization, Home Telephone is seeking to: (i) transfer certain of Home Telephone’s South Carolina telecommunications assets and liabilities, including its customer base to Home ILEC; (ii) transfer Home Telephone’s authority to provide local exchange telephone service as an incumbent local exchange carrier and all rights and obligations incident thereto to Home ILEC, including but not limited to Home Telephone’s authority to operate under an alternative form of regulation, Home Telephone’s status as an eligible telecommunications carrier (“ETC”), and Home Telephone’s status as a carrier of last resort (“COLR”); (iii) merge Home Long Distance, Inc. (“Home LD”) into Berkeley Cable Television, Inc. (“Berkeley Cable”); (iv) merge Home Telecom, LLC (“Home Telecom”) into Berkeley Cable; (v) transfer the certificates of public convenience and necessity held by Home LD and Home Telecom to Berkeley Cable; and (vi) waive any applicable requirements of S.C. Code

¹ Diagrams showing Home Telephone’s current corporate structure and the proposed corporate structure following reorganization are found as Attachment A and Attachment B to the Application.

Ann. § 58-3-230 with respect to the transfer of customers from Home Telephone to Home ILEC, from Home Telecom to Berkeley Cable, and from Home LD to Berkeley Cable.

At the conclusion of this restructuring, Home ILEC will be a wholly-owned subsidiary of Home Telephone authorized to provide regulated local exchange telecommunications services as an incumbent local exchange carrier, and Berkeley Cable will be a wholly-owned subsidiary of Home Telephone providing cable television service, competitive local exchange service, and long distance telecommunications service. Home ILEC and Berkeley Cable will hold operating assets related to the services they provide.

To this end, Home Telephone seeks to transfer all of its rights and obligations as an incumbent local exchange carrier, including but not limited to: (i) the authority it has been granted by the Commission to operate under an alternative form of regulation. See Commission Order No. 2006-271 in Docket No. 2006-76-C; (ii) its designation by the Commission as an ETC. See Commission Order No. 97-958 in Docket No. 1997-239-C; and (iii) its designation as a COLR. See S.C. Code Ann. § 58-9-10(10). As a result, Home Telephone respectfully requests that the Commission designate Home ILEC as an ETC and as a COLR and transfer Home Telephone's existing ETC and COLR status to Home ILEC. Home ILEC will continue to provide the same services, upon the same rates, terms, and conditions, to the end-user local exchange customers currently being served by Home Telephone. As the successor ILEC to Home Telephone, Home ILEC commits to meet all federal and state ETC and COLR requirements. Home Telephone's

status as an ETC and as a COLR in South Carolina will be terminated upon approval and completion of the transfer.

Upon completion of the proposed transfer, Home ILEC will be an incumbent local exchange carrier, because it will be Home Telephone's successor as a member of the exchange carrier association. See 47 U.S.C. § 251(h)(1); 47 C.F.R. § 69.601(b). Upon approval and completion of the transfer, Home ILEC will be a rural telephone company as defined in 47 U.S.C. § 153(37).

Likewise, Home Long Distance, Inc. and Home Telecom, LLC seek to transfer all of their rights and obligations pursuant to their Commission-issued certificates of public convenience and necessity, and all authority incident thereto, to Berkeley Cable Television, Inc.

In support of this Petition, the Parties have provided the following information:

I. HOME TELEPHONE AND AFFILIATES

A. Home Telephone Company, Inc.

Home Telephone is a corporation duly organized and existing under the laws of the State of South Carolina with its principal business office located at 579 Stoney Landing Road, Moncks Corner, South Carolina 29461. Home Telephone is an incumbent local exchange carrier as defined in 47 U.S.C. § 251(h)(1). Home Telephone is a rural telephone company as defined in 47 U.S.C. § 153(37). Home Telephone has been granted authority to operate under an alternative form of regulation. See Commission Order No. 2006-271 in Docket No. 2006-76-C. Home Telephone has been designated by

the Commission as an ETC. See Commission Order No. 97-958 in Docket No. 1997-239-C. Home Telephone is a COLR. See S.C. Code Ann. § 58-9-10(10).

B. Home Telephone ILEC, LLC d/b/a Home Telecom

Home ILEC is a newly-formed entity that has been established for the purpose of completing the transfer discussed in this Application and providing local exchange telecommunications services as an incumbent local exchange carrier. Home ILEC's principal business office is located at 579 Stoney Landing Road, Monks Corner, South Carolina 29461. Copies of Home ILEC's Articles of Organization and Certificate of Existence are attached as Attachment C to the Application.

C. Home Telecom, LLC

Home Telecom is a limited liability company duly organized and existing under the laws of the State of South Carolina with its principal business office located at 579 Stoney Landing Road, Monks Corner, South Carolina 29461. Home Telecom is a wholly-owned subsidiary of Home Telephone. Home Telecom holds a certificate of public convenience and necessity from the Commission to provide local and interexchange telecommunications services within the State of South Carolina. See Order No. 2004-250 in Docket No. 2004-61-C.

D. Berkeley Cable Television, Inc.

Berkeley Cable is a corporation duly organized and existing under the laws of the State of South Carolina with its principal business office located at 579 Stoney Landing Road, Monks Corner, South Carolina 29461. Berkeley Cable is a wholly-owned

subsidiary of Home Telephone. Berkeley Cable is primarily a cable television service provider.

E. Home Long Distance, Inc.

Home LD is a corporation duly organized and existing under the laws of the State of South Carolina with its principal business office located at 579 Stoney Landing Road, Monks Corner, South Carolina 29461. Home LD is a wholly-owned subsidiary of Home Telephone. Home LD holds a certificate of public convenience and necessity from the Commission to provide interexchange telecommunications services in the State of South Carolina. See Order Nos. 1995-965 and 1999-760 in Docket No. 94-757-C.

II. DESCRIPTION OF TRANSACTION

Home Telephone currently is the parent company, and Home Telecom, Berkeley Cable, and Home LD are wholly-owned subsidiaries of Home Telephone. The current organizational structure is depicted in Attachment A to the Application. Home Telephone proposes to transfer to Home ILEC, a new wholly-owned subsidiary of Home Telephone, certain of Home Telephone's South Carolina telecommunications assets and liabilities, including its customer base and its authority to provide local exchange telephone service as an incumbent local exchange carrier and all rights and obligations incident thereto. Home Telephone also proposes to merge Home LD and Home Telecom into Berkeley Cable Television. Both Home ILEC and Berkeley Cable will do business as Home Telecom. The proposed corporate structure following reorganization is depicted in Attachment B to the Application.

This corporate reorganization by Home Telephone and its wholly-owned subsidiaries will allow Home Telephone to transition to a “holding company” structure, wherein the parent company (Home Telephone) is a holding company and conducts its business through its affiliates. It is further desired to restructure Home Telephone’s affiliates such that each affiliate conducts specified lines of business and holds the operating assets for that line or those lines of business.

To accomplish this restructuring, Home Telephone proposes to transfer to Home ILEC all of the operating assets and liabilities associated with the provision of local exchange telecommunications service in South Carolina, including telecommunications equipment, Home Telephone’s customer base, and the Commission authorization of those operations. Upon the approval and transfer of Home Telephone’s local exchange operations to Home ILEC, all employees of Home Telephone will become employees of Home ILEC.

Although Home Telephone will transfer regulated assets and liabilities to Home ILEC, the transfer is *pro forma* because it will not result in a change in the carrier’s ultimate ownership or control. See 47 C.F.R. § 63.03(d). Furthermore, the Applicant claims that the transfer will be virtually transparent and seamless to customers. Specifically, customers will continue to receive the same high quality, affordable telecommunications services that they presently receive. Home ILEC will adopt the rates, terms and conditions of Home Telephone’s tariffs, and the services will continue to be provided by Home Telephone’s team of well-qualified telecommunications managers.

According to the Applicant, Customers will not experience any interruption in their service or any change in service as a result of this transaction.

III. TRANSFER OF AUTHORITY

A. Home ILEC d/b/a Home Telecom

Home Telephone seeks to transfer its authority to operate as an incumbent local exchange carrier to Home ILEC. Home ILEC possesses technical, financial, and managerial resources sufficient to provide the services requested, as required by S.C. Code Ann. § 58-9-280(B)(1). As a wholly-owned subsidiary of Home Telephone, Home ILEC has the resources of Home Telephone available to it, and the assurance of its parent that it will be provided with the financial resources necessary to provide local exchange telecommunications services. A copy of Home Telephone's Balance Sheet as of September 30, 2010 is attached as Attachment D to the Application. Home ILEC will be led by a highly qualified team of management personnel who have the requisite technical and managerial experience to provide telecommunications services in the State of South Carolina. Profiles of Home Telephone's key personnel (who will become employees of Home ILEC upon approval and transfer of Home Telephone's local exchange operations to Home ILEC) are attached as Attachment E to the Application.

The service to be provided by Home ILEC is the same service currently being provided by Home Telephone. Therefore, the provision of the service will meet all requirements of S.C. Code Ann. § 58-9-280(B) and will not adversely impact the public interest or the availability of affordable basic local exchange service. Furthermore, to the

extent it may be required to do so by the Commission, Home ILEC agrees to participate in the support of universally available telephone service at affordable rates.

B. Berkeley Cable d/b/a Home Telecom

As part of the restructuring, Home LD and Home Telecom will be merged into Berkeley Cable. Berkeley Cable will do business as Home Telecom. Home LD's and Home Telecom's respective certificates of public convenience and necessity, as issued by the Commission in Order Nos. 1995-965 and 1999-760 in Docket No. 94-757-C (Home LD) and Order No. 2004-250 in Docket No. 2004-61-C (Home Telecom) will be transferred to Berkeley Cable.

Berkeley Cable possesses technical, financial, and managerial resources sufficient to provide the services requested. As a wholly-owned subsidiary of Home Telephone, Berkeley Cable has the resources of Home Telephone available to it, and the assurance of its parent that it will be provided with the financial resources necessary to provide local exchange telecommunications services. As previously stated, a copy of Home Telephone's Balance Sheet as of September 30, 2010 is attached as Attachment D to the Application. Berkeley Cable is led by a highly qualified team of management personnel who have the requisite technical and managerial experience to provide telecommunications services in the State of South Carolina. Berkeley Cable utilizes the expertise of Home Telephone's key personnel, as described in Attachment E to the Application.

The service to be provided by Berkeley Cable is the same service currently being provided by Home LD and Home Telecom. Therefore, the transfer of these certificates will not adversely impact customers.

IV. PUBLIC INTEREST CONSIDERATIONS

The Applicant states that the proposed restructuring is in the public interest because it will allow Home Telephone to achieve a more efficient corporate structure, and it will have no impact on consumers. In addition, it states that consumers will continue to receive the same high-quality telecommunications services and there will be no interruption of service.

V. IT IS THEREFORE ORDERED

We find that the above requests as stated in the Application should be approved. Therefore, the transfer of South Carolina assets and authority from Home Telephone Company, Inc. to Home Telephone ILEC, LLC d/b/a Home Telecom is approved, and the restructuring of Home Telephone Company, Inc.'s wholly owned subsidiary companies is also approved.

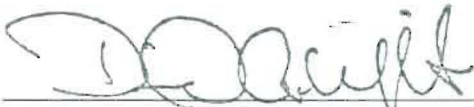
This Order shall remain in full force and effect until further order of the Commission.

BY ORDER OF THE COMMISSION:



John E. Howard, Chairman

ATTEST:



David A. Wright, Vice Chairman
(SEAL)